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ROBERT NISBETT  
P.O. Box 10016  
Longview, TX 75608

In re Patent No. 5,271,638  
Issue Date: December 21, 1993  
Application No. 07/930,997  
Filed: August 17, 1992  
Inventor: Donald M. Yale

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DECISION  
ON PETITION

This is a decision on the petition filed May 1, 2000 under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee is denied.<sup>1</sup>

#### BACKGROUND

The patent issued December 21, 1993. The first maintenance fee could have been paid during the period from December 23, 1996 through June 23, 1997, or with a surcharge during the period from June 24, 1997 through December 22, 1997. As no payment was timely received, this patent expired at midnight on December 22, 1997.

A first petition to accept late payment of the maintenance fee under 37 CFR § 1.378(b) was filed on May 12, 1998. Petitioner asserted that the delay in payment of the maintenance fee was unavoidable because patentee did not have the financial means to pay the fee at the time it was due.

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<sup>1</sup> This may be viewed as a final agency action within the meaning of 5 USC § 704. See MPEP 1002.02.

The petition was dismissed in the decision of December 7, 1998 on the basis that the petition failed to provide a full showing of all of patentee's assets for the period from December 23, 1996 (the first date when the maintenance fee could have been paid) until May 12, 1998 (the date the first petition was filed).

A request for reconsideration of the first decision was filed on February 12, 1999. The request for reconsideration was again dismissed on the basis that it did not provide an adequate showing that patentee's financial condition during the entire period from December 23, 1996 to May 12, 1998 was such that it unavoidable precluded patentee from paying the maintenance fee.

The current renewed petition requesting reconsideration of the previous decisions was filed May 1, 2000, and included a copies of various financial documents relating to patentee's finances.

#### STATUTE AND REGULATION

35 USC § 41(c)(1) states that:

The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.

37 CFR § 1.366(a) states that:

The patentee may pay maintenance fees and any necessary surcharges, or any person or organization may pay maintenance fees and any necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee (emphasis added).

37 CFR § 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

OPINION

A petition to accept delayed payment of a maintenance fee requires a showing under 37 CFR § 1.378(b)(3) that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. This petition lacks both a showing of unavoidable delay in timely payment of the maintenance fee and promptly filing the petition.

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable"; 35 USC § 41(c)(1).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC § 133 because 35 USC § 41(c)(1) uses the identical language, i.e., "unavoidable" delay. Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)). Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) (the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

As 35 U.S.C. § 41(c) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 U.S.C. § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Id.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, 55 F.3d at 608-609, 34 USPQ2d at 1787. The party whose delay is relevant is the party in interest at the time action is needed to be taken. See Kim v. Ouigg, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). As patentee was the party in interest when the maintenance fee was payable and due, it was incumbent upon patentee to monitor and track payment of the fee or to engage a third party to undertake that obligation. Moreover, reliance *per se* on a third party for tracking a maintenance fee does not provide a patent holder with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether that third party acted reasonably and prudently.

Petitioner asserts that patentee was fully aware of the need to pay the maintenance fee, but was unavoidably precluded from paying the fee due to financial hardship. Since section 1.378(b) requires a showing both that the failure to timely pay the fee and the delay in filing of a petition were unavoidable, petitioner must provide a documented showing that patentee's financial situation during the entire period from December 23, 1996 to May 12, 1998 was such that he was unavoidably precluded from paying the fee. Petitioner was advised of this requirement in the prior petition decisions.

Evidence of patentee's financial condition is provided in the form of a tax return for the year 1996, a statement that patentee's income was below the level requiring filing of a tax return for 1997, Social Security benefits statements covering the years 1996 and 1997, and a copy of patentee's monthly checking account statements for the period from December, 1995 through December, 1996.

As to the income and tax returns provided, petitioner fails to present any argument or showing that they represent patentee's sole and total income. Patentee stated in his declaration that he also has a business. Petitioner was requested in the prior petition decision of December 7, 1998 to provide a financial showing of patentee's business records. No records have been provided.

Regardless of patentee's income level, income is not the determinative factor herein. While income does have some relevance to patentee's financial condition, the determinative issue is his ability to pay the maintenance fee, which requires a full showing that assets, when compared to critical support liabilities, such as food and shelter, were such that patentee

was precluded from paying the fee. The prior petition decision required a showing of all assets, including any savings accounts, stocks, bonds, property, and business assets held during the period. Petitioner fails to address this requirement.

The only showing provided pertaining to patentee's assets are twelve checking account statements for the months from December, 1995 through December, 1996. These statements cover a time period that is prior to the critical period, i.e. December, 1996 to May, 1998, and thus do not provide a showing of assets at the time the fee or petition were due. Each of the prior petition decisions advised petitioner that full disclosure of patentee's assets and obligations during the period from December 23, 1996 to May 12, 1998 was necessary to support the asserted lack of financial resources for payment of the fee. The most relevant evidence provided by petitioner is the single checking account statement for December, 1996 (the first month the fee could have been paid). That statement shows a balance of \$998.57, which would have been sufficient to cover the \$510.00 maintenance fee.

Additionally, even if it were assumed *arguendo* that the checking account statement represented patentee's entire assets during the period, and further that other checking statements up to May of 1998 would show similar balances, the showing would still be insufficient to establish that patentee was precluded from paying the fee. Payment of a maintenance fee is an important business responsibility and obligation. It is necessary to show that whatever funds were being expended were of such a nature that they precluded patentee from paying the fee (i.e., that they were essential and necessary support expenditures, such as food, clothing and housing). If patentee was using his assets for non-critical expenditures during the period, then failure to timely pay the fee or submit delayed payment of the fee would not be unavoidable. No showing has been provided to support the assertion that patentee's financial situation was such that he was unavoidably precluded from paying the fee.

A review of PTO records additionally shows that patentee had the financial resources to make the following expenditures to the PTO alone during the critical period from March, 1996 to April, 1998 on other patent applications:

- Payment of an extension of time fee of \$190.00 on March 13, 1996 in application serial number 08/164,806.
- Payment of an extension of time fee of \$55.00 on June 26, 1996 in application serial number 08/164,806.
- Payment of a filing fee of \$375.00 on July 13, 1996 for new patent application serial number 08/675,113.
- Payment of an assignment recordation fee of \$40.00 for application serial number 08/675,113 on April 24, 1998.

It is additionally noted that application serial number 08/675,113 was pending during the entire time the maintenance fee and petition were due for this patent, and was prosecuted by counsel of record in this patent. Presumably, counsel was being paid by patentee for his services. Apparently, patentee was knowingly making a business decision to expend resources on other matters not essential to his basic needs. Preoccupation with other matters will not support a finding of unavoidable delay.

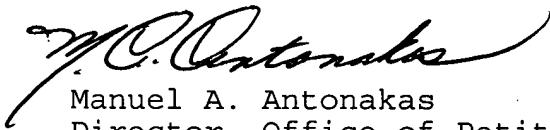
#### CONCLUSION

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b) both as to the timely payment of the maintenance fee and the filing of the petition.

The first petition filed May 12, 1998 included payment of \$525.00 for the maintenance fee and \$700.00 for the surcharge fee. Since this patent will not be reinstated, the maintenance and surcharge fees minus the petition fee, which is not refundable, totaling \$1,225.00 are being refunded.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

Any telephone inquiry regarding this decision should be directed to Robert Garrett at (703) 308-0763, or in his absence, the undersigned at (703) 305-6199.



Manuel A. Antonakas  
Director, Office of Petitions